

# Inta Bina Group Berhad

**TP: RM0.28** (+14.3%)

*Timely Order Book Replenishment*

Last Traded: RM0.245

**BUY**

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## Secures RM199mn Building Job

INTA has secured a construction contract from Tropicana Metropark Sdn Bhd, an indirect wholly-owned subsidiary of Tropicana Corporation, as the main contractor for Phase I of Tropicana Metropark, a mixed commercial development project in Subang Jaya.

It is a fixed-price contract with a project sum of RM199.0mn. The project consists of 30-storey apartments, 9-storey podium, 1 storey of commercial lots and basement carpark. The construction work is scheduled to commence on 24 August 2020, with a project duration of 39 months.

## Our View

The job win comes in as a timely boost to its order book, raising it to a healthier level of around RM625mn currently. This translates into 1.5x FY19 revenue.

Assuming a gross margin of 10%, the project is estimated to contribute RM9mn of net earnings, or EPS of 1.7sen/share throughout the construction period.

## Impact

Following this job win, we raise our FY20 order book replenishment assumption from RM200mn to RM300mn, and revise FY21 and FY22 earnings forecasts by 11.0% and 9.6% respectively.

## Valuation

With better earnings visibility, we raise the target PE multiple from 8x to 9x, and adjust the target price from RM0.225 to **RM0.28**, based on 9x CY21 EPS. Upgrade the stock from HOLD to **BUY**.

Despite the challenging outlook for the building construction sector, we believe INTA would be able to sail through rough seas. In fact, we opine that its existing and potential clients, mainly property developers, would prefer to appoint reliable building contractors such as INTA, which is backed by proven track record - in terms of timely completion and work quality, as well as solid balance sheet, to ensure smooth, successful and timely delivery of projects.

## Share Information

Bloomberg Code	INTA MK
Bursa	INTA
Stock Code	0192
Listing	Main Market
Share Cap (mn)	535.3
Market Cap (RMmn)	115.1
52-wk Hi/Lo (RM)	0.30/0.15
12-mth Avg Daily Vol ('000 shrs)	1090.1
Estimated Free Float (%)	22.7
Beta	1.3

## Major Shareholders (%)

Apexjaya Industries Sdn Bhd	34.48
Ahmad bin Awi	12.60
Lim Ooi Joo	9.16
Teo Hock Choon	8.84

## Forecast Revision

	FY20	FY21
Forecast Revision (%)	-	11.0
Net profit (RMmn)	6.9	16.7
Consensus	-	-
TA's / Consensus (%)	-	-
Previous Rating	Hold (Upgraded)	

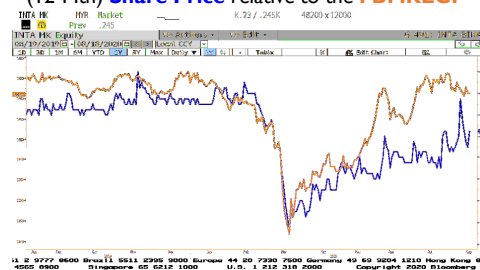
## Financial Indicators

	FY20	FY21
Net Debt / Equity (%)	net cash	net cash
CFPS (sen)	2.3	(3.8)
Price / CFPS (x)	10.8	(6.4)
ROA (%)	2.1	5.1
NTA/Share (sen)	26.6	29.0
Price/NTA (x)	0.9	0.8

## Share Performance (%)

Price Change	INTA	FBMKLCI
1 mth	14.0	(2.2)
3 mth	11.4	10.7
6 mth	(12.5)	1.5
12 mth	(5.8)	(2.4)

## (12-Mth) Share Price relative to the FBMKLCI



Source: Bloomberg

## Earnings Summary (RMmn)

### Profit & Loss (RMmn)

YE Dec 31	2018	2019	2020F	2021F	2022F
Revenue	383.1	411.6	290.0	400.0	426.0
EBITDA	36.0	39.9	19.6	32.4	38.5
Depreciation	(6.8)	(8.2)	(8.4)	(8.4)	(8.4)
EBIT	29.2	31.7	11.2	24.0	30.1
Finance cost	(1.7)	(1.9)	(1.8)	(1.3)	(1.6)
PBT	27.5	29.8	9.4	22.7	28.5
Taxation	(6.3)	(7.4)	(2.5)	(6.0)	(7.5)
Net profit	21.2	22.4	6.9	16.7	20.9
Core profit	21.2	22.4	6.9	16.7	20.9
GDPS (sen)	0.8	1.0	0.3	0.8	1.0
Div Yield (%)	3.1	4.1	1.0	3.1	4.1

### Cash Flow (RMmn)

YE Dec 31	2018	2019	2020F	2021F	2022F
PBT	27.5	29.8	9.4	22.7	28.5
Adjustments	5.3	8.9	10.2	9.7	10.0
Changes in WC	(18.6)	(11.2)	31.4	(33.2)	(4.4)
Interest & tax	(6.7)	(6.8)	(2.5)	(6.0)	(7.5)
<b>Operational cash flow</b>	<b>7.4</b>	<b>20.7</b>	<b>48.5</b>	<b>(6.8)</b>	<b>26.5</b>
Capex	(13.8)	(4.3)	(8.0)	(8.0)	(8.0)
Others	(0.1)	(0.4)	(5.0)	(5.0)	(5.0)
<b>Investment cash flow</b>	<b>(13.9)</b>	<b>(4.8)</b>	<b>(13.0)</b>	<b>(13.0)</b>	<b>(13.0)</b>
Debt raised/(repaid)	16.5	5.4	(20.2)	4.8	4.8
Dividend	0.0	(6.7)	(1.3)	(4.0)	(5.4)
Others	0.5	(8.4)	(1.8)	(1.3)	(1.6)
<b>Financial cash flow</b>	<b>17.0</b>	<b>(9.7)</b>	<b>(23.3)</b>	<b>(0.5)</b>	<b>(2.2)</b>
<b>Net cash flow</b>	<b>10.5</b>	<b>6.3</b>	<b>12.2</b>	<b>(20.3)</b>	<b>11.4</b>
<b>Beginning cash</b>	<b>1.3</b>	<b>11.8</b>	<b>18.0</b>	<b>30.2</b>	<b>9.9</b>
<b>Ending cash</b>	<b>11.8</b>	<b>18.0</b>	<b>30.2</b>	<b>9.9</b>	<b>21.2</b>
Adjustments	33.5	42.1	42.1	42.1	42.1
<b>Cash</b>	<b>45.3</b>	<b>60.1</b>	<b>72.3</b>	<b>51.9</b>	<b>63.3</b>

### Assumptions (RMmn)

YE Dec 31	2018	2019	2020F	2021F	2022F
New job wins	470	369	300	450	500

### Balance Sheet (RMmn)

YE Dec 31	2018	2019	2020F	2021F	2022F
Fixed assets	27.1	23.9	23.9	23.9	23.9
Others	28.0	28.0	32.6	37.2	41.8
<b>NCA</b>	<b>55.2</b>	<b>51.9</b>	<b>56.5</b>	<b>61.1</b>	<b>65.7</b>
Cash	45.3	60.1	72.3	51.9	63.3
Receivables	228.4	213.7	145.0	200.0	213.0
Others	33.4	34.1	29.0	40.0	42.6
<b>CA</b>	<b>307.1</b>	<b>307.9</b>	<b>246.3</b>	<b>291.9</b>	<b>318.9</b>
<b>Total assets</b>	<b>362.3</b>	<b>359.8</b>	<b>302.8</b>	<b>353.0</b>	<b>384.6</b>
ST borrowings	24.4	31.0	10.8	10.6	10.4
Payables	166.6	156.2	116.0	140.0	149.1
Other liabilities	39.9	26.3	24.1	32.9	35.0
<b>CL</b>	<b>230.9</b>	<b>213.5</b>	<b>150.9</b>	<b>183.5</b>	<b>194.5</b>
<b>Shareholders' funds</b>	<b>121.1</b>	<b>136.8</b>	<b>142.4</b>	<b>155.0</b>	<b>170.6</b>
LT borrowings	10.1	8.9	8.9	13.9	18.9
Other LT liabilities	0.3	0.6	0.6	0.6	0.6
<b>Total capital</b>	<b>362.3</b>	<b>359.8</b>	<b>302.8</b>	<b>353.0</b>	<b>384.6</b>

### Ratio

YE Dec 31	2018	2019	2020F	2021F	2022F
EBITDA Margins (%)	9.4	9.7	6.8	8.1	9.0
Core EPS (sen)	4.0	4.2	1.3	3.1	3.9
EPS Growth (%)	5.6	5.8	(69.2)	140.9	25.6
PER (x)	6.2	5.8	19.0	7.9	6.3
GDPS (sen)	0.8	1.0	0.3	0.8	1.0
Div Yield (%)	3.1	4.1	1.0	3.1	4.1
Net cash (RMmn)	10.8	20.2	52.6	27.4	34.0
Net gearing (%)	net cash	net cash	net cash	net cash	net cash
ROE (%)	19.2	17.4	5.0	11.2	12.9
ROA (%)	6.9	6.2	2.1	5.1	5.7
NTA (sen)	22.6	25.6	26.6	29.0	31.9
P/NTA(x)	1.1	1.0	0.9	0.8	0.8

## Stock Recommendation Guideline

- BUY** : Total return within the next 12 months exceeds required rate of return by 5%-point.  
**HOLD** : Total return within the next 12 months exceeds required rate of return by between 0-5%-point.  
**SELL** : Total return is lower than the required rate of return.  
**Not Rated**: The company is not under coverage. The report is for information only.

**Total Return** is defined as expected share price appreciation plus gross dividend over the next 12 months. Gross dividend is excluded from total return if dividend discount model valuation is used to avoid double counting.

**Required Rate of Return** of 7% is defined as the yield for one-year Malaysian government treasury plus assumed equity risk premium.

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As of Tuesday, August 18, 2020, the analyst, Ooi Beng Hooi, who prepared this report, has interest in the following securities covered in this report:  
(a) nil

**Kaladher Govindan – Head of Research**

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